GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6306
ANSWERED ON:06.05.2005
CUSTOMS AND EXCISE DUTY DIFFERENCE BETWEEN FIXED AND MOBILE PHONE
Mistry Shri Madhusudan Devram

Will the Minister of FINANCE be pleased to state:

(a) customs and excise duty rates in fixed phones and mobile phones; and

(b) the reasons that fixed line phone operators who do not charge the cost of instruments are being made to pay higher duties and taxes as compared to mobile phone handsets whose cost is paid upfront by subscribers and enjoying lower duties structure?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) The customs and excise duty rates on fixed phones and mobile phones are as follows:

(i) Both fixed phones and mobile phones attract nil basic customs duty and 4% additional duty of customs under section 3(5) of the Customs Tariff Act, 1975, w.e.f. 1.3.2005.

(ii) Cellular phones and radio trunking terminals are fully exempt from excise duty. Other telephone sets including fixed phones attract excise duty at the Cenvat rate of 16%.

(b) Exemption from excise duty was given to cellular phones mainly to reduce the cost so as to reduce the incentive for smuggling. The levy of customs and excise duties does not depend on whether or not the cost of instrument is recovered from the subscriber.